

Impact of “Make in India” initiative on Textile Manufacturing Industry

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Abstract:

India is on the threshold of major reforms and is on the verge to become the third-largest economy of the world by 2030. The study is based on primary and secondary data. This paper is an attempt to bring the impact of Make in India initiative on the textile segment. The textile segment is among 25 sectors upon which the Make in India initiative is being made. In this research the major highlights of Make in India initiative is mentioned. A comparative snapshot is shown in the form of figures which can give an overview of economic growth pattern. This report also depicts the textile growth in contrast to the said initiative. This report also shows the growth of textile export in contrary to previous year. A hypothesis is proposed and data was collected from 100 respondents from university which include professor and lecturers from different colleges and universities of Uttar Pradesh. Open and closed ended questionnaires were framed to identify the response from the respondents. SPSS 18.0 is used as a statistical tool for analyzing the hypothesis. Chi Square test has been used to find the association between make in India initiative and between textile manufacturing industries. From the above report it has been seen that Make in India initiative is an optimal approach to boost the economy and invite foreign investment in India.

Key Words: GDP, Consumer Behavior, Textile Sector

1.0 Introduction:

Indian Textiles Industry presents the overwhelming economic life of the country. Beside from providing one of the basic necessities of life, the textile industry plays vital role in its contribution to the industrial output and employment generation including export earnings of the country. The sector contributes about 14% of India's industrial production and 13% of the country's export earnings. The textile sector proves to be one of the largest providers of employment along with agriculture.

Make in India is an initiative taken by the Government of India to promote and encourage the national, as well as multi-national companies to manufacture their products in India. The plan was launched by Prime Minister Narendra Modi on September 25, 2014. It is projected that India would emerge, after initiation of the programme, as the top destination for global foreign direct investors, surpassing the USA and China

The major objective behind the program is to focus on creation of job and enhancement of skills in major 25 sectors of the economy. The other initiative was also to aim high quality standards and minimizing the adverse impact on the environment. The initiative also expects to attract capital and technological investment too in India.

It is expected that the demand for electronic hardware expected to grow by US\$400 billion by 2020, India has the potential to become an electronic manufacturing hub. The government is targeting to achieve net zero imports of electronics by 2020 by creating a level playing infrastructure and providing an enabling environment. This will make the Indian economy better.

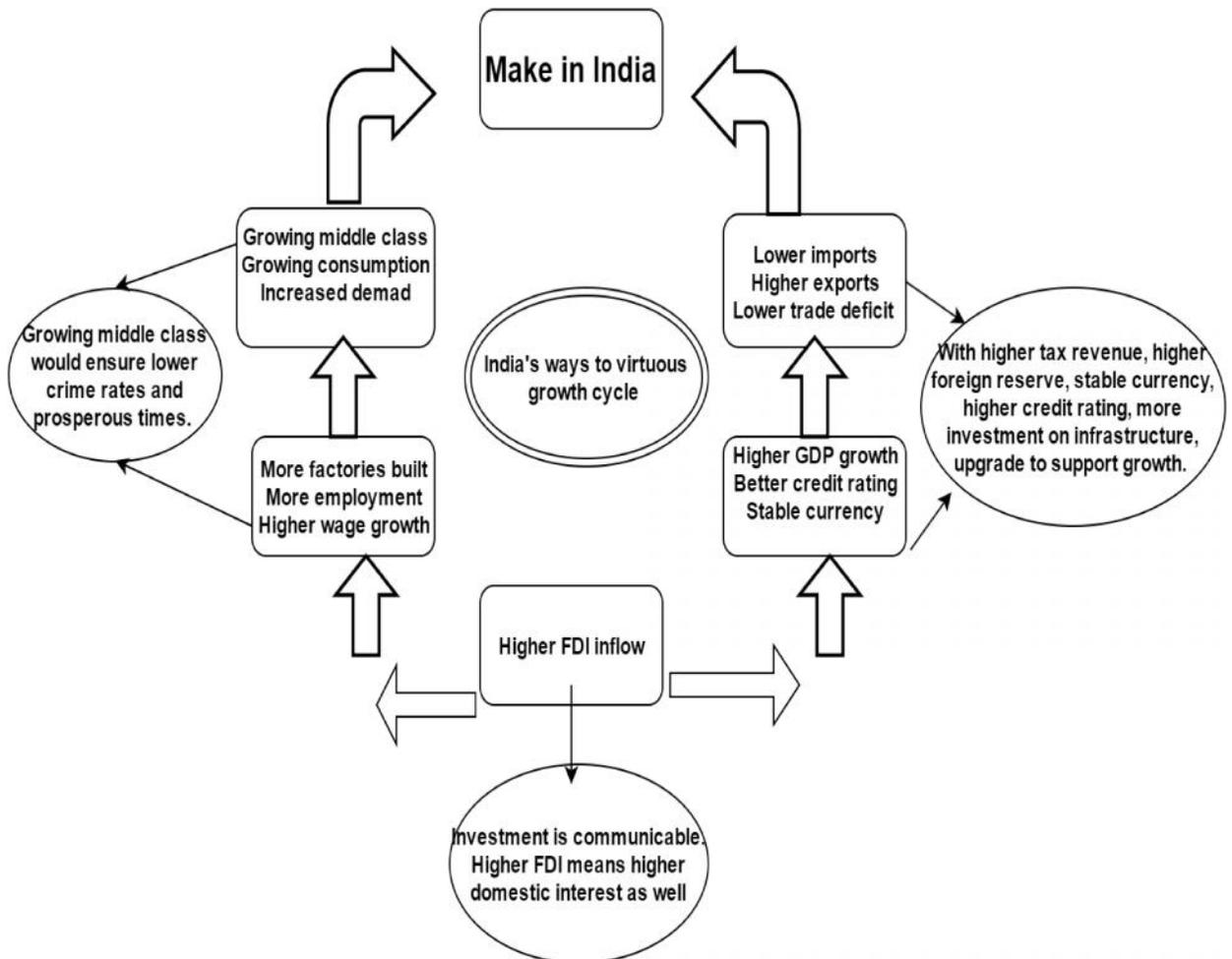


Fig1: Make in India growth cycle.

1.1 Major highlights of the Make In India plans are as follows:

1. Invest India cell.
2. Consolidated services and faster security clearances.
3. Dedicated portal for business queries.
4. Easing policies and laws Interactions with the users/visitors.
5. Interactions with the users/visitors.

1.2 Five things which will be the key basis of Make in India Plan:

1. Guide foreign investors.
2. Assistance to foreign investors.
3. Prompt response
4. Provide relevant information:
5. Proactive approach

2.0 Review Literature:

S. Soundhariya (2015) Indian has the potential to push the GDP to 25% in next few years. The government of India has taken several steps to encourage investment and strengthen business environment. “Make in India” is among one such mission for long term initiative which will realize the dream to the real happening. Initiation of core manufacturing sectors plays a crucial role for making success to ‘Make in India’ ambitions, as said by the panel of experts in 11th India Innovation Summit 2015 . “Start-ups in the fields of defense manufacturing, telecom, automobile, Internet, financial technology modules and mobile internet have revealed immense potential success to the scheme of ‘Make in India’,” as said by Siddhartha Das, general partner, Venture East addressing in aspiring entrepreneurs at the discussion on “Entrepreneurship - Role of Startups towards Make in India”. Make in India scheme also focuses on producing products with zero defects and zero effects on environment.

Sangwan (2015) in her study mentioned that FDI plays a vital role in the long-term development of a country. It enhance capital source as well as competitiveness of the domestic economy. It raises the productivity and generate employment in the country. There is also a correlation found between Industrial Production and FDI inflows. It has also been noticed that the effect of FDI on economic development ranges increases greater technology transfer.

3.0 Research Methodology

The present study is descriptive cross sectional study and focus is on Impact of “Make in India” initiative on Textile Manufacturing Industry. Explanatory study was designed and was taken into consideration with the quantitative research strategy. The study is based on primary as well as secondary data.

3.1 Sampling

Primary data is collected from College and University professors of Uttar Pradesh targeting 100 respondents.

3.2 Objectives of the research:

1. To evaluate the impact of Make in India plan on the textile and garment sector.
2. To access the challenges face by the textile industry by the initiative.

Hypothesis: There is significant difference in the mean of “Make in India” initiative and between textile manufacturing industries.

3.3 Scope of the study

The scope of the research is defined in India in the textile and garments sector only.

4.0 Data Analysis:

Description	N (%)
Questionnaire handed over in person	100
Completely filled questionnaire and further taken for the analysis	82
Response rate	82%

4.1 Make in India and Textile Sector:

India with the ambition of being an economic superpower in a decade(more or less) can't rely on services without faring well in Manufacturing. Manufacturing leads to R&D and this is one of the field where India is way behind. In 2013, the number of documents published was just over 106000 for all the subject to study under the Sun which is very less.

Table 1: Economic Overview

	1970-71	1980-81	1990-91	2000-01	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
1	GDP at Factor Cost at current prices(Rs crore)	44382	136838	531813	2000743	4582086	5303567	6108903	7248860	8391691	9388876	10472807	11550240*
2	GDP at Factor Cost at 2004-05 (Rs crore)	589786	798506	1347889	2348481	3896636	4158676	4516071	4918533	5247530	5482111	5741791	9827089*
3	Per Capita Net National Product at factor cost at constant prices (Rs)	10016	10712	14330	20418	30332	31754	33901	36202	38048	38856	39504	-
4	Gross Domestic Capital Formation as percentage to GDP at current market prices	15.1	19.2	26	24.3	38.1	34.3	36.5	36.5	35.5	34.8	-	-
5	Gross Domestic savings as percentage to GDP at current market prices	14.3	17.8	22.9	23.7	35.8	32	33.7	33.7	31.3	30.1	-	-
7	Index of Industrial Production (Base 2004-05 = 100)	28.1	43.1	91.6	162.6	141.7	145.2	152.9	165.5	170.3	172.2	172	174.9
8	Foodgrains (million tonnes)	108.4	129.6	176.4	196.8	230.8	234.4	218.11	244.49	259.29	257.13	265.04	252.68

*GVA at Basic Prices for the year 2014-15, base year 2011-12

Source: Reserve Bank of India(RBI) Website, accessed on 12.10.2015

Data Compiled by: Economic Division

India is 2nd considered as largest manufacturer of Textile in the world. It has 24% of world spindles and 8% of the rotors to produce yarn. Production of FBP in 2013-14 was 7 million tons. India is also the 2nd largest producer of silk and cotton. India is 1st in Global Jute production and skilled labor is available easily.

Estimated Growth of the Indian Textile Industry

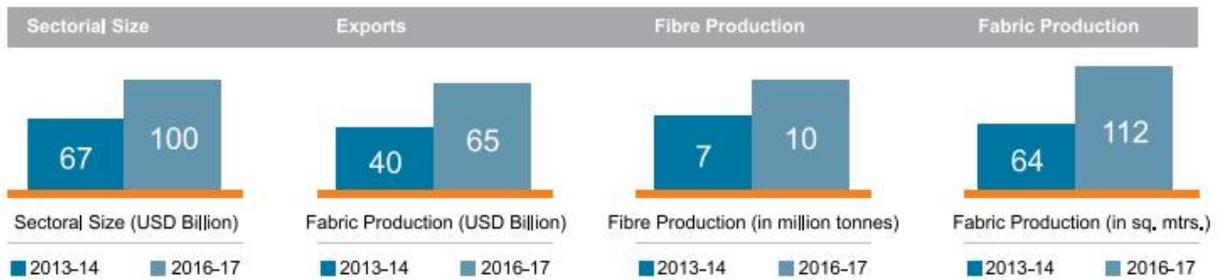


Fig1: Growth of Textile Industry.

The domestic textile & apparel industry in India is estimated to reach \$ 100 Billion by 2016-17 from \$ 67 Billion in 2013-14. Exports in textiles and apparel from India are expected to increase to \$ 65 Billion by 2016-17 from \$ 40 Billion in 2013-14. The total fabric production in India is expected to grow to 112 Billion square meters by 2016-17. India now consists of increased penetration of organized retail, favorable demographics and rising income levels to drive the textile demand. Abundant raw material and increasing demand for exports to boost production. Abundant availability of raw materials such as cotton, wool, silk and jute.

Table 2: Annual Report 2014-15

Export	2013-14		2014-15 (April-Nov. 2014)	
	Crore	US\$ Mn	Crore	US\$ Mn
India Textile & Clothing	214918.45	35425.97	14579.98	24083.15
Handicrafts	23504.42	3884.91	5694.48	939.88
Total T&C including Handicrafts	238422.87	39310.88	151424.46	25023.03
% Textile Exports of overall exports	12.59%	12.58%	13.49%	13.46%
India’s overall exports	1894182	312610.3	1122499.75	185970.07

Source: Ministry of Textile (texmin.nic.in)

The Indian textile industry is benefited immensely from the “Make in India” initiative. Mr. Modi vision of making the country’s textile contribution in the world textile scenario. However, to fulfill this vision in to reality, India’s textile manufacturing segment needs to be equipped with facilitating mechanisms. Once this is done, the strength of domestic Indian textile markets as well as its textile export capabilities will remain unparalleled.

Table 3: Relationship between “Make in India” initiative and between textile manufacturing industries.

Null hypothesis: There is no difference between “Make in India” initiative and between textile manufacturing industry.

Alternative hypothesis: There is significant difference in the mean of “Make in India” initiative and between textile manufacturing industries.

Variable	Manufacturing Industry	Mean	SD	t-value	P-value
Make in India Initiative	Textile	2.44	0.51	-4.14	0.00

So from the above table the P value is less than 0.05 then we will reject the null hypothesis and accept the alternative hypothesis.

4.1 Challenges face by textile industry by Make in India Initiative.

1. To meet the global standards, most textile companies have to adopte global standards of safety and environment compliance.
2. Diversified global consumer buy pattern is another challenge for domestic players.
3. Technological factor is another factor which is still not as advanced as west.
4. Maintaining the cost advantage would certainly increase the wage and other expenses.
5. Another challenge is to gain address competitiveness in non-cost factors.
6. To invite FDI the governments need to invest on infrastructure that will be another challenge.

5 Conclusion:

The Indian textile industry stands to be benefited immensely from the ambitious “Make in India” initiative. The vision of the plan is to overhaul the segment’s perception and the country’s contribution in the global textile scenario. However, to turn this vision in to reality, India’s textile manufacturing segment needs to be equipped and promoted. The most important is effective implementation of these mechanisms. It is expected that successful implementation will surely strengthen the domestic Indian textile markets as well as its export capabilities will remain unparalleled.

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